

**TOWN OF ROCKY RIDGE, UTAH  
BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION  
WITH ACCOUNTANT'S COMPILATION REPORT  
YEAR ENDED JUNE 30, 2005**

# **TOWN OF ROCKY RIDGE, UTAH**

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANT'S COMPILATION REPORT

October 3, 2005


The Honorable Mayor and Town Council  
Town of Rocky Ridge, Utah

**Council Members:**

I have compiled the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Rocky Ridge as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

  
Greg Ogden,  
Certified Public Accountant

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This document is a narrative overview and analysis of the financial activities of the Town of Rocky Ridge (Town) for the fiscal year ending June 30, 2005. The town management encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section. To help the reader with navigation of this report the Town's activities are classified in the following manner: government activities refers to general administration, public safety, streets, sanitation and health, etc., while business-type activities refers to operations in the water department.

## FINANCIAL HIGHLIGHTS

- The total net assets of the Town increased by \$18,986 totaling \$1,320,596. The governmental net assets increased by \$37,289 and the business-type net assets decreased by \$18,303.
- The total net assets of government and business activities is \$1,320,596 and is made up of \$1,231,625 in capital assets, such as land, infrastructure and equipment, and \$88,971 in other net assets.
- Total long-term liabilities of the Town decreased by \$8,000.

## REPORTING THE TOWN AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

***The government-wide financial statements*** are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

- ***The statement of net assets*** presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. However, you will need to consider other nonfinancial factors.
- ***The statement of activities*** presents information showing how the Town's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 13-15 of this report.

## **REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds** – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The government fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and Capital Projects Fund.

- **Proprietary funds** – the Town maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water Utility.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceed liabilities by \$1,320,596.

By far the largest portion of the Town's net assets (93.3%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## STATEMENT OF NETS ASSETS

	Governmental Activities		Business-type Activities	
	2004-2005	2003-2004	2004-2005	2003-2004
Current Assets	\$ 71,917	\$ 99,044	\$ 17,054	\$ 12,610
Non Current Assets	552,090	487,674	882,107	909,282
Total Assets	624,007	586,718	899,161	921,892
Current Liabilities	-	-	-	-
Non Current Liabilities	-	-	202,572	207,000
Total Liabilities	-	-	202,572	207,000
Net Assets:				
Invested in Capital Assets				
Net of Related Debt	552,090	476,541	679,535	702,282
Unrestricted	71,917	110,177	17,054	12,610
Total Net Assets	\$ 624,007	\$ 586,718	\$ 696,589	\$ 714,892

## CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities	
	2004-2005	2003-2004	2004-2005	2003-2004
Revenues				
Program Revenue				
Charges for Services	\$ 34,718	\$ 33,443	\$ 47,350	\$ 47,718
Operating Grants and Contributions	250	14,285	-	-
Capital Grants and Contributions	13,623	-	-	-
General Revenues				
Property Taxes	12,337	15,280	-	-
Sales and Use Taxes	36,730	34,213	-	-
Interest	1,651	1,238	15	172
Other Revenues	1,076	118	-	-
Total Revenues	100,385	98,577	47,365	47,890
Expenses				
General Government	29,638	23,241	-	-
Public Safety	4,780	2,583	-	-
Streets/Public Works	18,430	13,446	-	-
Sanitation and Health	10,248	9,675	-	-
Water	-	-	65,668	60,908
Total Expenses	63,096	48,945	65,668	60,908
Change in Net Assets	37,289	49,632	(18,303)	(13,018)
Net Assets Beginning	586,718	537,086	714,892	727,910
Net Assets Ending	\$ 624,007	\$ 586,718	\$ 696,589	\$ 714,892

The biggest governmental activity for the fiscal year was partial construction of the restrooms in the park, which came to roughly \$57,000. The Town also had curb and sidewalk put in on NorthRidge Road for \$25,000 and had LarkRidge Road paved for \$12,700.

The major business-type activity was about \$5,000 for a telemetry system and \$4,000 for new fire hydrants.

## **FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. As of June 30, 2005, The Town's governmental funds (general and capital projects) reported combined fund equity of \$60,189. The general fund is the chief operating fund of the Town. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes are the largest source of revenue in the general fund. The two largest elements of taxes are sales and use taxes and property tax, as has been the case for the last several years.

As stated earlier, the Town maintains one enterprise fund to account for the business-type activities of the Town. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, the general fund departmental budgets were amended but total expenditures remained the same.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounts to \$1,434,197 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure, (streets, sidewalks, curb and gutter, bridges, etc.) and machinery and equipment. The total increase in the Town's investment in fixed assets for the current year was \$108,526.



## THE TOWN OF ROCKY RIDGE'S CAPITAL ASSETS (Net of depreciation)

	Governmental Activities		Business-Type Activities	
	<u>2004-2005</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2003-2004</u>
Capital Assets not Being Depreciated				
Land	\$ 67,819	\$ 67,819	\$ -	\$ -
Capital Assets Being Depreciated				
Buildings and Improvements	502,422	407,698	848,308	843,990
Machinery, Equipment, and Vehicles	28,526	28,526	159,484	150,000
Total	<u>598,767</u>	<u>504,043</u>	<u>1,007,792</u>	<u>993,990</u>
Less Accumulated Depreciation	<u>(46,677)</u>	<u>(27,502)</u>	<u>(125,685)</u>	<u>(84,708)</u>
Total Capital Assets	<u>\$ 552,090</u>	<u>\$ 476,541</u>	<u>\$ 882,107</u>	<u>\$ 909,282</u>

Additional information on the Town's capital assets can be found in the footnotes to this financial report and also in the supplemental section.

Long-term debt – at June 30, 2005, the Town had total bonded debt outstanding of \$199,000. This debt is secured by water utility revenues.

## THE TOWN OF ROCKY RIDGE OUTSTANDING DEBT

	Business-type Activities	
	<u>2004-2005</u>	<u>2003-2004</u>
Revenue Bonds	<u>\$ 199,000</u>	<u>\$ 207,000</u>

Additional information on the outstanding debt obligations of the Town can be found in footnotes of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The major project budgeted for next year is constructing a pavilion in the park. The Town Council also voted to keep the property tax at the same rate of .002352.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to:

Town Clerk/Treasurer  
HC Box 217 Rocky Ridge,  
Utah 84645

## **BASIC FINANCIAL STATEMENTS**

# TOWN OF ROCKY RIDGE, UTAH

## STATEMENT OF NET ASSETS

JUNE 30, 2005

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 50,122	\$ 12,674	\$ 62,796
Accounts Receivable	21,795	4,380	26,175
<b>TOTAL CURRENT ASSETS</b>	<b>71,917</b>	<b>17,054</b>	<b>88,971</b>
<b>NONCURRENT ASSETS</b>			
Capital Assets			
Non Depreciable	67,819	-	67,819
Depreciable Assets (net of Depreciation)	484,271	882,107	1,366,378
<b>TOTAL NONCURRENT ASSETS</b>	<b>552,090</b>	<b>882,107</b>	<b>1,434,197</b>
<b>TOTAL ASSETS</b>	<b>624,007</b>	<b>899,161</b>	<b>1,523,168</b>
<b>LIABILITIES</b>			
<b>NONCURRENT LIABILITIES</b>			
Due Within One Year	-	11,572	11,572
Due in more than One Year	-	191,000	191,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>-</b>	<b>202,572</b>	<b>202,572</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>202,572</b>	<b>202,572</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Related Debt	552,090	679,535	1,231,625
Unrestricted	71,917	17,054	88,971
<b>TOTAL NET ASSETS</b>	<b>\$ 624,007</b>	<b>\$ 696,589</b>	<b>\$ 1,320,596</b>

See the accompanying notes to the financial statements and accountant's report

**TOWN OF ROCKY RIDGE, UTAH**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b><u>FUNCTIONS/PROGRAMS</u></b>				
<b>Governmental Activities</b>				
General Government	\$ 29,638	\$ 17,171	\$ 250	\$ -
Public Safety	4,780	2,017	-	-
Streets	18,430	-	-	13,623
Sanitation and Health	10,248	15,530	-	-
Total Governmental Activities	63,096	34,718	250	13,623
<b>Business-type Activities</b>				
Water	65,668	47,350	-	-
Total Business-type Activities	65,668	47,350	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 128,764</b>	<b>\$ 82,068</b>	<b>\$ 250</b>	<b>\$ 13,623</b>

General Revenues  
Property Taxes  
Sales Taxes  
Unrestricted Investment Earnings  
Miscellaneous  
Total General Revenues and Transfers  
Change in Net Assets  
Net Assets - Beginning  
  
Net Assets - Ending

See the accompanying notes to the financial statements and accountant's report

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**Net (Expense) Revenue and Changes in Net Assets**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (12,217)	-	\$ (12,217)
(2,763)	-	(2,763)
(4,807)	-	(4,807)
<u>5,282</u>	<u>-</u>	<u>5,282</u>
<u>(14,505)</u>	<u>-</u>	<u>(14,505)</u>
<u>-</u>	<u>(18,318)</u>	<u>(18,318)</u>
<u>-</u>	<u>(18,318)</u>	<u>(18,318)</u>
<u>(14,505)</u>	<u>(18,318)</u>	<u>(32,823)</u>
12,337	-	12,337
36,730	-	36,730
1,651	15	1,666
<u>1,076</u>	<u>-</u>	<u>1,076</u>
<u>51,794</u>	<u>15</u>	<u>51,809</u>
37,289	(18,303)	18,986
<u>586,718</u>	<u>714,892</u>	<u>1,301,610</u>
<u>\$ 624,007</u>	<u>\$ 696,589</u>	<u>\$ 1,320,596</u>

# TOWN OF ROCKY RIDGE, UTAH

## BALANCE SHEET

### GOVERNMENTAL FUNDS

JUNE 30, 2005

	<u>Governmental-type Activities</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects</u>	
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 50,018	\$ 104	\$ 50,122
Accounts Receivable	3,385	-	3,385
Property Tax Receivable	11,728	-	11,728
Sales Tax Receivable	3,611	-	3,611
Class C Road Receivable	3,071	-	3,071
TOTAL ASSETS	<u>\$ 71,813</u>	<u>\$ 104</u>	<u>\$ 71,917</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Deferred Revenue	\$ 11,728	\$ -	\$ 11,728
TOTAL LIABILITIES	<u>11,728</u>	<u>-</u>	<u>11,728</u>
<b><u>FUND BALANCE</u></b>			
Unreserved	<u>60,085</u>	<u>104</u>	<u>60,189</u>
TOTAL FUND EQUITY	<u>60,085</u>	<u>104</u>	<u>60,189</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 71,813</u>	<u>\$ 104</u>	<u>\$ 71,917</u>

See the accompanying notes to the financial statements and accountant's report

**TOWN OF ROCKY RIDGE, UTAH**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

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**TOTAL GOVERNMENTAL FUNDS BALANCES** **\$ 60,189**

*Amounts reported for governmental activities in the statement of net assets are different because*

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds **552,090**

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds **11,728**

**TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 624,007**

See the accompanying notes to the financial statements and accountant's report

# TOWN OF ROCKY RIDGE, UTAH

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Governmental-type Activities</u>		Total
	General	Capital Projects	Governmental Funds
<b><u>REVENUES</u></b>			
Taxes	\$ 49,896	\$ -	\$ 49,896
Licenses and Permits	9,441	-	9,441
Intergovernmental	15,890	-	15,890
Charges for Services	23,260	-	23,260
Interest	1,651	-	1,651
Miscellaneous	1,076	-	1,076
<b>TOTAL REVENUES</b>	<b>101,214</b>	<b>-</b>	<b>101,214</b>
<b><u>EXPENDITURES</u></b>			
General Government	19,573	3,933	23,506
Public Safety	4,780	-	4,780
Streets	5,387	-	5,387
Sanitation and Health	10,248	-	10,248
Capital Outlay	37,693	57,031	94,724
<b>TOTAL EXPENDITURES</b>	<b>77,681</b>	<b>60,964</b>	<b>138,645</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>23,533</b>	<b>(60,964)</b>	<b>(37,431)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfer from Other Fund	-	40,000	40,000
Transfer to Other Fund	(40,000)	-	(40,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(40,000)</b>	<b>40,000</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(16,467)</b>	<b>(20,964)</b>	<b>(37,431)</b>
<b>BEGINNING FUND BALANCE</b>	<b>76,552</b>	<b>21,068</b>	<b>97,620</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 60,085</b>	<b>\$ 104</b>	<b>\$ 60,189</b>

See the accompanying notes to the financial statements and accountant's report



**TOWN OF ROCKY RIDGE, UTAH**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT**  
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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**EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES  
OVER EXPENDITURES AND USES - TOTAL GOVERNMENTAL FUNDS** **\$ (37,431)**

*Amounts reported for governmental activities in the statement of activities  
are different because*

Property taxes will not be collected for several months after the City's fiscal  
year end. They are not considered to be available revenues in the governmental  
funds. Deferred property tax revenues decreased by this amount this year. **(829)**

Governmental funds report capital outlays as expenditures. In the statement  
of activities the cost of those assets is allocated over their estimated useful  
as depreciation expense. This is the amount by which capital outlays  
exceeded depreciation in the current period. **75,549**

**CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS** **\$ 37,289**

See the accompanying notes to the financial statements and accountant's report

# TOWN OF ROCKY RIDGE, UTAH

## BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes	\$ 54,500	\$ 54,500	\$ 49,896	\$ (4,604)
Licenses and Permits	8,150	8,150	9,441	1,291
Intergovernmental	16,500	16,500	15,890	(610)
Charges for Services	19,400	19,400	23,260	3,860
Interest	1,500	1,500	1,651	151
Miscellaneous	1,000	1,000	1,076	76
<b>TOTAL REVENUES</b>	<b>101,050</b>	<b>101,050</b>	<b>101,214</b>	<b>164</b>
<b><u>EXPENDITURES</u></b>				
General Government	21,275	20,475	19,573	902
Public Safety	2,400	2,400	4,780	(2,380)
Streets	10,900	10,900	5,387	5,513
Sanitation and Health	10,000	10,000	10,248	(248)
Capital Outlay	50,000	50,000	37,693	12,307
<b>TOTAL EXPENDITURES</b>	<b>94,575</b>	<b>93,775</b>	<b>77,681</b>	<b>16,094</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>6,475</b>	<b>7,275</b>	<b>23,533</b>	<b>16,258</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to Other Fund	-	(40,000)	(40,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>-</b>
<b>EXCESS REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>6,475</b>	<b>(32,725)</b>	<b>(16,467)</b>	<b>16,258</b>
<b>FUND BALANCE ALLOCATION</b>	<b>(6,475)</b>	<b>32,725</b>	<b>-</b>	<b>(32,725)</b>
<b>EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (16,467)</b>	<b>\$ (16,467)</b>

See the accompanying notes to the financial statements and accountant's report

# TOWN OF ROCKY RIDGE, UTAH

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

JUNE 30, 2005

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Water</u>	<u>Total Enterprise Funds</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 12,674	12,674
Accounts Receivable	4,380	4,380
<b>TOTAL CURRENT ASSETS</b>	<u>17,054</u>	<u>17,054</u>
<b>NONCURRENT ASSETS</b>		
Capital Assets		
Buildings and Improvements	848,308	848,308
Machinery, Equipment and Vehicles	159,484	159,484
Less Accumulated Depreciation	(125,685)	(125,685)
<b>TOTAL NONCURRENT ASSETS</b>	<u>882,107</u>	<u>882,107</u>
<b>TOTAL ASSETS</b>	<u>899,161</u>	<u>899,161</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accrued Interest	3,572	3,572
Current Portion of Long-Term Debt	8,000	8,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>11,572</u>	<u>11,572</u>
<b>NONCURRENT LIABILITIES</b>		
Notes Payable	191,000	191,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>191,000</u>	<u>191,000</u>
<b>TOTAL LIABILITIES</b>	<u>202,572</u>	<u>202,572</u>
<b><u>NET ASSETS</u></b>		
Investment in Capital Assets, Net of Related Debt	679,535	679,535
Unrestricted	17,054	17,054
<b>TOTAL NET ASSETS</b>	<u>\$ 696,589</u>	<u>\$ 696,589</u>

See the accompanying notes to the financial statements and accountant's report

**TOWN OF ROCKY RIDGE, UTAH**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Water</u>	<u>Total Enterprise Funds</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for Services	\$ 43,119	\$ 43,119
Connection Fees	4,000	4,000
Miscellaneous Income	231	231
	<u>47,350</u>	<u>47,350</u>
<b><u>OPERATING EXPENSES</u></b>		
General and Administrative	895	895
Production and Maintenance	12,793	12,793
Depreciation	40,977	40,977
	<u>54,665</u>	<u>54,665</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(7,315)</u>	<u>(7,315)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Interest Income	15	15
Interest Expense	(11,003)	(11,003)
	<u>(10,988)</u>	<u>(10,988)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(18,303)</u>	<u>(18,303)</u>
<b>TOTAL NET ASSETS AT BEGINNING OF YEAR</b>	<u>714,892</u>	<u>714,892</u>
<b>TOTAL NET ASSETS AT END OF YEAR</b>	<u>\$ 696,589</u>	<u>\$ 696,589</u>

See the accompanying notes to the financial statements and accountant's report

# TOWN OF ROCKY RIDGE, UTAH

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Business-type Activities - Enterprise Funds</u>	
	Water	Total Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers	\$ 49,348	\$ 49,348
Payments to Suppliers	(13,688)	(13,688)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 35,660	 35,660
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of Capital Assets	(13,802)	(13,802)
Bond and Note Principal Payments	(8,000)	(8,000)
Interest Expense	(7,431)	(7,431)
 NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	 (29,233)	 (29,233)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest Income	15	15
 NET CASH FLOWS FROM INVESTING ACTIVITIES	 15	 15
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 6,442	 6,442
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 6,232	 6,232
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 \$ 12,674	 \$ 12,674

See the accompanying notes to the financial statements and accountant's report

**TOWN OF ROCKY RIDGE, UTAH**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Water</u>	<u>Total Enterprise Funds</u>
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Operating Income (Loss)	\$ (7,315)	\$ (7,315)
Adjustments		
Depreciation	40,977	40,977
Changes in Assets and Liabilities		
Accounts Receivable	<u>1,998</u>	<u>1,998</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 35,660</u></b>	<b><u>\$ 35,660</u></b>

See the accompanying notes to the financial statements and accountant's report

# **TOWN OF ROCKY RIDGE, UTAH**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **JUNE 30, 2005**

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Town of Rocky Ridge, Utah (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of the Town's accounting policies.

##### **Financial Reporting Entity**

Town of Rocky Ridge is incorporated under the laws of the State of Utah. The Town is a municipal corporation governed by an elected four-member Council and Mayor. The Town provides municipal services under the following organizational structure:

General Government: Mayor and Town Council, Treasurer and Clerk

Public Safety: Fire, Building Inspection and Planning and Zoning

Public Works: Streets, Water, Sanitation and Health

##### **Government-wide and Fund Financial Statements**

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## NOTE 1 - (CONTINUED)

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Town are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the Town receives cash.

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *capital projects* funds are used to account for the acquisition or construction of major capital facilities of the Town (other than those financed by proprietary funds).

The Town reports the following major proprietary fund:

The *water fund* accounts for the activities of the Town's water production, treatment and distribution operations.

Activities of this fund include administration, operations and maintenance of the system, and billing and collection. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for all water fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the fund.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.



## NOTE 1 - (CONTINUED)

### Assets, Liabilities and Fund Equity

#### A. Cash and cash equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. Town policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the Town's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less, when purchased, meet this definition.

#### B. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to or due from other funds". Any residual balance outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

#### C. Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net assets and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted.

#### D. Capital assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at the date of the gift, if donated.

Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Classification</u>	<u>Range of Lives</u>
Buildings and Structures	10-40 years
Improvements and Infrastructure	7-40 years
Machinery, Equipment and Vehicles	3-15 years

## **NOTE 1 - (CONTINUED)**

### **E. Long-term liabilities**

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **F. Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designations of unreserved fund balances are not required by law or accounting principles, but are further classifications of fund equity to identify funds which are earmarked by the Town's management for specific purposes. These represent tentative management plans that are subject to change.

### **G. Net assets**

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### **Inter-Fund Transactions**

During the course of normal operations, the Town has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc. . These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

### **Deferred Revenue**

Property taxes due November 30, 2005 and unpaid from 2004 are shown as deferred revenue.

## NOTE 1 - (CONTINUED)

### Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

#### Capital Asset Differences

When capital assets (land, buildings, improvements and equipment) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net assets. The details of these differences are presented below:

Land	\$ 67,819
Buildings and Improvements	502,422
Machinery, Equipment and Vehicles	28,526
Less Accumulated Depreciation	(46,677)
Net Capital Asset Difference	<u>\$ 552,090</u>

#### Other Long-Term Asset Differences

Property taxes due in November 2005 are reported as deferred revenues in the governmental fund balance sheet. However, they are reported as current year revenues in the statement of net assets. The details of these differences are presented below:

Property taxes collectible in November 2005	<u>\$ 11,728</u>
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### Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net assets in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

## NOTE 2 - (CONTINUED)

### Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Capital Outlay	\$ 94,724
Depreciation Expense	<u>(19,175)</u>
Net Difference	<u>\$ 75,549</u>

## NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgetary Information

Prior to the first regularly scheduled meeting of the Town Council in May, the Mayor submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and proposed sources of revenues.

Between May 1 and June 22, the Town Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 17, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

Under Utah State law, the Town's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events.

The Mayor, in conjunction with the appropriate department head, has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The Town Council has the authority to transfer budget appropriations between individual budgetary funds by resolution.

A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

Annual budgets for the general fund and capital projects fund were legally adopted by the Town and are prepared on the modified-accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all Town funds (both governmental and proprietary), it only requires the reporting of comparisons of actual results to budgets for the general fund and any major special revenue funds.

### Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the Town in two to three installments in November, December, and a final settlement in the first quarter of the calendar year. Taxes are levied and are due and payable on November 1<sup>st</sup> and are delinquent after November 30<sup>th</sup> of each year, at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond that which was received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

### NOTE 3 - (CONTINUED)

Sales taxes are collected by the Utah State Tax Commission and remitted to the Town monthly. An accrual has been made for all taxes received by the State for the period ended June 30<sup>th</sup> and thus due and payable to the Town.

### NOTE 4 - DEPOSITS AND INVESTMENTS

The Town follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of Town funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

#### Deposits

The Town's carrying amount and bank balance of deposits at June 30, 2005 was \$3,611 and \$19,078, respectively. These deposits were entirely covered by federal depository insurance. Deposits are not collateralized, nor are they required to be by state statute.

#### Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the Town and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund (PTIF),

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses - net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

#### NOTE 4 - (CONTINUED)

As of June 30, 2005, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
State of Utah Public Treasurer's Investment Fund	\$ 59,185	\$ 59,185	\$ -	\$ -	\$ -

The deposits and investments described above are included on the statement of net assets as per the following reconciliation:

Deposits	\$ 3,611
Investments	<u>59,185</u>
Total Cash and Cash Equivalents	<u>\$ 62,796</u>

#### NOTE 5 - RECEIVABLES

Accounts receivable and the associated allowances for uncollectible accounts at June 30, 2005 are presented in the schedule below.

Property taxes are levied on January 1 of 2005, are due in November of 2005, and are budgeted for the 2005 fiscal year. Even though they are not intended to fund the 2005 fiscal year, they must be recognized as an asset because the Town has an enforceable claim to the revenue. The property taxes that have been remitted to the Town within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue.

The following is a summary of receivables at June 30, 2005:

	<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-type Total</u>
Accounts Receivable	\$ 3,385	\$ 4,380	\$ 7,765
Property Taxes Receivable	11,728	-	11,728
Sales Tax Receivable	3,611	-	3,611
Class C Road Receivable	<u>3,071</u>	<u>-</u>	<u>3,071</u>
Total	<u>\$ 21,795</u>	<u>\$ 4,380</u>	<u>\$ 26,175</u>

## NOTE 6 - CAPITAL ASSETS

Several prior period adjustments to capital assets were required due to the implementation of GASB Statement No. 34. Those adjustments are reflected in the prior period adjustment columns of the schedules below.

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2005.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 67,819	\$ -	\$ -	\$ 67,819
Capital Assets being Depreciated				
Buildings and Improvements	407,698	94,724	-	502,422
Machinery, Equipment and Vehicles	<u>28,526</u>	<u>-</u>	<u>-</u>	<u>28,526</u>
Total	504,043	94,724	-	598,767
Less Accumulated Depreciation	<u>(27,502)</u>	<u>(19,175)</u>	<u>-</u>	<u>(46,677)</u>
Governmental Activities Capital Assets, Net	<u>\$ 476,541</u>	<u>\$ 75,549</u>	<u>\$ -</u>	<u>\$ 552,090</u>

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2005.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being Depreciated				
Buildings and Improvements	\$ 843,990	\$ 4,318	\$ -	\$ 848,308
Machinery, Equipment and Vehicles	<u>150,000</u>	<u>9,484</u>	<u>-</u>	<u>159,484</u>
Total	993,990	13,802	-	1,007,792
Less Accumulated Depreciation	<u>(84,708)</u>	<u>(40,977)</u>	<u>-</u>	<u>(125,685)</u>
Governmental Activities Capital Assets, Net	<u>\$ 909,282</u>	<u>\$ (27,175)</u>	<u>\$ -</u>	<u>\$ 882,107</u>

Depreciation was charged to the functions/programs of the primary government as follows:

Government Activities	
General Government	\$ 6,132
Streets	<u>13,043</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 19,175</u>
Business-type Activities	
Water	<u>\$ 40,977</u>
Total Depreciation Expense-Business-type Activities	<u>\$ 40,977</u>

## NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the Town for the year ended June 30, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b><u>Business-type Activities</u></b>					
Revenue Bonds					
2002 Water	\$ <u>207,000</u>	\$ <u>-</u>	\$ <u>8,000</u>	\$ <u>199,000</u>	\$ <u>8,000</u>
	\$ <u>207,000</u>	\$ <u>-</u>	\$ <u>8,000</u>	\$ <u>199,000</u>	\$ <u>8,000</u>

Long-term debt and obligations payable at June 30, 2005 were as follows:

<b><u>Business-type Activities</u></b>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
Bonds Payable				
Water Revenue Bonds, Series 2002, Dated July 8, 2002, (original amount-- \$215,000)	3.59%	2023	\$ <u>8,000</u>	\$ <u>191,000</u>
Total Business-type Activities Long-term Debt			\$ <u>8,000</u>	\$ <u>191,000</u>

Principal and interest requirements to retire the Town's long-term obligations are as follows:

	<b><u>Business-type Activities</u></b>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 8,000	\$ 7,144
2007	8,000	6,857
2008	9,000	6,570
2009	9,000	6,246
2010	9,000	5,924
2011-2014	52,000	24,376
2015-2019	61,000	14,508
2020-2023	<u>43,000</u>	<u>3,123</u>
	\$ <u>199,000</u>	\$ <u>74,748</u>

## NOTE 8 - RISK MANAGEMENT

Town of Rocky Ridge is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries insurance coverage through a commercial insurance company to cover these risks of loss. Settled claims from these risk types have not exceeded coverage in any of the past three fiscal years.



## NOTE 9 - OPERATING TRANSFER RECONCILIATION

The operating transfers among the funds were as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 40,000
Capital Projects	<u>40,000</u>	<u>-</u>
	<u>\$ 40,000</u>	<u>\$ 40,000</u>

## NOTE 10 - RELATED PARTY TRANSACTIONS

The Mayor is one of three owners of Quality Craft. The Town fire department rented space from Quality Craft for \$221 per month for the first six months and for \$232 for the final six months of the 2005 fiscal year. The Town hired Quality Craft to do road repairs and snow plowing for a total of \$13,044 during the 2005 fiscal year. One of the Town Council members owns Precision Welding. The Town hired Precision Welding to do some snow plowing during the 2005 fiscal year for \$943.